

# TENNESSEE INCENTIVES AT A GLANCE

Please contact TNECD for a complete list of eligibility requirements and for more information.

	BENEFIT	ELIGIBILITY (not comprehensive)
<b>FastTrack Economic Development Fund*</b>	Grant provided to local communities to reimburse a company for eligible expenditures not covered by infrastructure or job training grants. The grant can help offset expenses such as relocation of equipment, temporary office space, capital improvements and retrofitting.	Only used in exceptional cases where a company's impact, such as net new full-time positions and capital investment, in a community is significant. These funds are available subject to terms of the Accountability Agreement executed by the state, community and company. TNECD is not able to provide incentives prior to the execution and approval of a contract.
<b>FastTrack Job Training Assistance Program*</b>	Grant provided directly to new or expanding companies that provides funding to support the training of net new full-time employees.	Funding levels are based on the number of net new full-time positions created, amount of capital invested, wages of new employees and the types of skill and knowledge levels required. TNECD is not able to provide training incentives for any positions filled prior to the execution and approval of a contract.
<b>FastTrack Infrastructure Development Program*</b>	Grant provided to local governments for public infrastructure needs for new and expanding companies. TNECD will work with local officials to identify eligible needs for a project, such as water, sewer, rail, gas, electric, roadway, telecommunications or other site improvements.	Must be for public infrastructure improvements benefiting a specific company generating net new full-time positions and capital investment; requires local matching funds. For onsite improvements, the community must provide a PILOT on the real property investment for at least 5 years. TNECD is not able to provide incentives prior to the execution and approval of a contract.

## TAX CREDITS AND EXEMPTIONS

<b>Job Tax Credit*</b>	Credit of \$4,500 per job to offset up to 50% of franchise and excise (F&E) taxes in any given year with a carry forward for up to 15 years.	Create at least 25 net new full-time positions within a 36 month period and invest at least \$500,000 in a qualified business enterprise.
	<i>Community Resurgence:</i> Credit of \$2,500 per each position.	Create 10 net new full-time jobs each paying the state's average occupational wage and also be located in a census tract where poverty rate exceeds 30%.
<b>Enhanced Job Tax Credit*</b>	Allows an additional annual credit for locations/expansions in designated Tier 2, Tier 3, and Tier 4 Enhancement Counties. Enhanced JTC can offset up to 100% of F&E liability.	
	<i>Tier 2:</i> 3 year annual credit at \$4,500 per job with no carry forward.	Create at least 25 net new full-time positions within a 36 month period and invest at least \$500,000 in a qualified business enterprise.
	<i>Tier 3:</i> 5 year annual credit at \$4,500 per job with no carry forward.	Create at least 20 net new full-time positions within 60 month period and invest at least \$500,000 in a qualified business enterprise.
	<i>Tier 4:</i> 5 year annual credit at \$4,500 per job with no carry forward.	Create at least 10 net new full-time positions within 60 month period and invest at least \$500,000 in a qualified business enterprise.
<b>Industrial Machinery Tax Credit</b>	Credit of 1% to 10% for the purchase, third party installation and repair of qualified industrial machinery.	<i>Manufacturing:</i> includes purchases for machinery; apparatus and equipment with parts; appurtenances and accessories; repair parts and labor. <i>Warehousing and distribution:</i> includes material handling equipment and racking systems with a minimum \$10M capital investment within 36 months. <i>Headquarters, call centers:</i> includes computer; network; software or peripheral computer devices, purchased in making required capital investment for job tax credit.
<b>Sales and Use Tax Exemptions*</b>	<i>Manufacturing:</i> sales tax exemption for industrial machinery and reduced sales tax rate for utilities at qualified manufacturing facilities.	Exemptions include industrial machinery, repair parts and industrial supplies used in the manufacturing process. Reductions include: 0-1.5% tax on water depending on use and 0-1.5% on gas, electricity and various energy sources depending on use.

\* Definition of net new full-time job: 37 1/2 hours a week, 12 months and health coverage offered.

**BENEFIT**

**ELIGIBILITY (not comprehensive)**

**Sales and Use Tax Exemptions, cont.\***

<i>Headquarters:</i> State sales tax credit for qualified personal property purchased for a qualified headquarters facility.	Investment period begins 1 yr. prior to construction/expansion and ends 1 yr. after construction/expansion has concluded, but can be extended to 6 yrs. with permission from the state. HQs receive a non-expiring sales tax credit for 6.5% for qualified personal property directly related to the new full-time position creation.
<i>Warehouse/ Distribution:</i> Sales tax exemption for material handling and racking systems purchased for a qualified warehouse or distribution center.	Investment of \$10M or more, including the purchase of new equipment, made during a 3 year period.
<i>Call Centers:</i> Tax exemption on any sales of interstate telecommunication and international telecommunication services sold to a business for use in the operation of one or more qualified call centers.	Must have at least 250 positions engaged primarily in call center activities.
<i>Data Centers:</i> Sales tax exemption for certain hardware and software purchased for a qualified data center.	Minimum capital investment of \$100M and 15 new full-time positions paying at least 150% of the state's avg. occupational wage; investment must be made during a 3 yr. period, but can be extended to 5 yrs. for investments under \$1B or 7 yrs. for investments exceeding \$1B with the state's permission.
<i>Research and Development:</i> Sales tax exemption on certain equipment used in research and development.	Equipment must be used necessary to and primarily for research and development purposes.

**OTHER**

**Export Assistance**

TNECD offers Tennessee companies valuable export services through a Regional Export Network. The REN supports a trained coordinator in each of the three grand divisions and collaborates closely with local and federal partners. Free export planning services include:
<ul style="list-style-type: none"> <li>• Market Strategy Reports</li> <li>• Market Entry Recommendations and Assistance</li> <li>• Trade and Travel Assistance</li> <li>• Business Partner and Distributor Searches</li> </ul>
Free assistance with the recruitment and screening of job applicants based on a company's specific job requirements. More than 70,000 potential employees in statewide database.
The Tennessee Department of Transportation (TDOT) contracts with local governments for projects to be developed through the State Industrial Access Program. The program provides funding and technical assistance for highway access to new and expanding industries.

**Applicant Recruitment and Screening (TDOL)**

**State Industrial Access Program (TDOT)**

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